

106TH CONGRESS  
1ST SESSION

# H. R. 2139

To amend the Internal Revenue Code of 1986 to repeal the limitation of the cover over of tax on distilled spirits, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

JUNE 10, 1999

Mr. CRANE (for himself, Mr. RANGEL, Mr. ROMERO-BARCELÓ, Mrs. CHRISTENSEN, Mr. HAYWORTH, Mr. ENGLISH, Mr. FOLEY, and Mr. WELLER) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to repeal the limitation of the cover over of tax on distilled spirits, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. REPEAL OF LIMITATION OF COVER OVER OF**  
4 **TAX ON DISTILLED SPIRITS.**

5 (a) IN GENERAL.—Section 7652 of the Internal Rev-  
6 enue Code of 1986 (relating to limitation on cover over  
7 of tax on distilled spirits) is amended by striking sub-

1 section (f) and by redesignating subsection (g) as sub-  
2 section (f).

3 (b) CONFORMING AMENDMENTS.—Section 7652(f) of  
4 such Code (as so redesignated) is amended by striking  
5 “subsection (f) of this section” in paragraph (1)(B) and  
6 inserting “section 5001(a)(1)”.

7 (c) EFFECTIVE DATE.—

8 (1) IN GENERAL.—The amendments made by  
9 this section shall apply to articles containing distilled  
10 spirits that are tax-determined after September 30,  
11 1999.

12 (2) SPECIAL RULE.—

13 (A) IN GENERAL.—For the 5-year period  
14 beginning after September 30, 1999, the treas-  
15 ury of Puerto Rico shall make a Conservation  
16 Trust Fund transfer within 30 days from the  
17 date of each cover over payment made during  
18 such period to such treasury under section  
19 7652(e) of the Internal Revenue Code of 1986.

20 (B) CONSERVATION TRUST FUND TRANS-  
21 FER.—

22 (i) IN GENERAL.—For purposes of  
23 this paragraph, the term “Conservation  
24 Trust Fund transfer” means a transfer to  
25 the Puerto Rico Conservation Trust Fund

1 of an amount equal to 50 cents per proof  
2 gallon of the taxes imposed under section  
3 5001 or section 7652 of such Code on dis-  
4 tilled spirits that are covered over to the  
5 treasury of Puerto Rico under section  
6 7652(e) of such Code.

7 (ii) TREATMENT OF TRANSFER.—

8 Each Conservation Trust Fund transfer  
9 shall be treated as principal for an endow-  
10 ment, the income from which to be avail-  
11 able for use by the Puerto Rico Conserva-  
12 tion Trust Fund for the purposes for  
13 which the Trust Fund was established.

14 (iii) RESULT OF NONTRANSFER.—

15 (I) IN GENERAL.—Upon notifica-  
16 tion by the Secretary of the Interior  
17 that a Conservation Trust Fund  
18 transfer has not been made by the  
19 treasury of Puerto Rico during the pe-  
20 riod described in subparagraph (A),  
21 the Secretary of the Treasury shall,  
22 except as provided in subclause (II),  
23 deduct and withhold from the next  
24 cover over payment to be made to the  
25 treasury of Puerto Rico under section

1           7652(e) of such Code an amount  
2           equal to the appropriate Conservation  
3           Trust Fund transfer and interest  
4           thereon at the underpayment rate es-  
5           tablished under section 6621 of such  
6           Code as of the due date of such trans-  
7           fer. The Secretary of the Treasury  
8           shall transfer such amount deducted  
9           and withheld, and the interest there-  
10          on, directly to the Puerto Rico Con-  
11          servation Trust Fund.

12                   (II) GOOD CAUSE EXCEPTION.—  
13           If the Secretary of the Interior finds,  
14           after consultation with the Governor  
15           of Puerto Rico, that the failure by the  
16           treasury of Puerto Rico to make a re-  
17           quired transfer was for good cause,  
18           and notifies the Secretary of the  
19           Treasury of the finding of such good  
20           cause before the due date of the next  
21           cover over payment following the noti-  
22           fication of nontransfer, then the Sec-  
23           retary of the Treasury shall not de-  
24           duct the amount of such nontransfer  
25           from any cover over payment.

1           (C) PUERTO RICO CONSERVATION TRUST  
2           FUND.—For purposes of this paragraph, the  
3           term “Puerto Rico Conservation Trust Fund”  
4           means the fund established pursuant to a  
5           Memorandum of Understanding between the  
6           United States Department of the Interior and  
7           the Commonwealth of Puerto Rico, dated De-  
8           cember 24, 1968.

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